Manitoba
Bureau of
Statistics

Manitoba's Service Sector

1986

A Statistical Profile

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EXECUTIVE SUMMARY

This profile of Manitoba's service sector has been prepared using data collected through the Manitoba Bureau of Statistics' Service Sector Survey. The survey included questions on a business' franchise status; the number of establishments operated in Manitoba; the number of employees, past present and future with a break down by male/female and full-time/part-time; annual revenue; capital expenditures, present and future; goods and services sold by location; goods and services bought by location; and skill shortages.

This profile of Manitoba's service sector includes sections on employment, annual revenue, capital expenditures, skill shortages, and franchise operations, with a breakdown by the major industrial groups of the service sector (as summarized in the following table).

SUMMARY OF MANITOBA'S SERVICE SECTOR BY INDUSTRY GROUP

INDUSTRY GROUP (1970 SIC)	TOTAL EMPLOYMENT (000'S)	TOTAL REVENUE (MILLIONS)	CAPITAL EXPENDITURES (MILLIONS)	PERCENTAGE OF FIRMS REPORTING SKILL SHORTAGES	PERCENTAGE OF FIRMS REPORTING TO BE FRANCHISES
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	44.9	$3,737.4	$513.1	35.7%	17.7%
WHOLESALE TRADE	25.6	7,547.9	205.5	25.0	5.7
RETAIL TRADE	47.9	8,938.1	162.7	13.4	5.5
FINANCE, INSURANCE AND REAL ESTATE	22.2	3,121.3	128.6	7.5	1.0
COMMUNITY, BUSINESS AND PERSONAL SERVICES	133.3	7,974.2	447.0	23.8	3.8
SERVICE SECTOR TOTAL	273.9	$31,318.9	$1,456.9	20.3%	5.4%

DATA SOURCE: MANITOBA BUREAU OF STATISTICS
SERVICE SECTOR SURVEY

Highlights of the survey results include:

The average (median) number employed by a business in the service sector in Manitoba is 6.4 persons. This figure is relatively stable among the five major industrial groups.

It is estimated that 78.2% of the businesses in Manitoba's service sector have less than ten employees in total.

Total employment in the service sector is estimated to be 273,900 or 55.9% of the total Manitoba employment for November, 1986.

Of the total number of persons employed in the service sector, 51.7% are female and 48.3% are male while 74.3% are full-time and 25.7% are part-time.

In November 1984, total employment in the service sector was estimated to be 256,600 and is estimated to grow to 287,100 by November 1988.

The average (median) annual revenue of a business in Manitoba's service sector is $203,000. This figure is substantially higher for the two Trade Groups than for the other three industrial groups.

The total annual revenue of businesses in the service sector is estimated to be $31.3 billion.

Nearly one-half of all the businesses in the survey reported no capital expenditures. Of those that did, the average (median) value of those expenditures is $17,300 annually.

The average (median) value of capital expenditures is greatest for businesses in the Transportation/Communication/Other Utilities Group at $60,800.

Capital expenditures by the service sector are estimated to total $1.5 billion annually.

A large percentage of businesses (20.3%) in Manitoba's service sector encountered difficulty in hiring employees with specific skills during the last two years.

The number of franchisors and franchisees varied greatly among the five major industrial groups of the service sector. However, the vast majority (94.2%) of businesses are not franchise operations.

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INTRODUCTION

The Manitoba Bureau of Statistics has recently completed a survey of the service sector of the Manitoba economy. The service sector is partitioned into five major industrial groups, based on the 1970 Standard Industrial Classification (1970 SIC). For a detailed list of the industries included in each of these five groups, please refer to Appendix 1. The major industrial groups of the service sector are listed below, along with the estimated number of Manitoba businesses in each group.

Transportation/Communication/Other Utilities	1,355	8.2%
Wholesale Trade	1,958	11.8
Retail Trade	5,036	30.4
Finance/Insurance/Real Estate	1,450	8.8
Community/Business/Personal Services	6,767	40.8
Service Sector Total	16,566	100.0%

This report has been prepared with data collected from the 1,297 Manitoba businesses that responded to the MBS Service Sector Survey. The survey was conducted from January to June, 1987. The report presents information on employment, revenue, capital expenditures, skill shortages, and franchise operations for each of the major industrial groups in the service sector.

The type of additional information available on the Manitoba service sector includes:

Employment - Male/Female	Hours Worked - Regular/Overtime
- Full-time/Part-time	Gross Pay - Regular/Overtime
- Hourly/Salaried	
- Past/Present/Future	Average Hourly Pay
Total Revenue	Capital Investment
Export/Import of Goods & Services	Skill Shortages
Number of Business Locations	Franchise Operations

Further information on a more detailed industry breakdown is available from MBS on a cost-recovery basis. To obtain custom tabulations, please contact David Greenwood at 945-2989.

TABLE 1: SERVICE SECTOR EMPLOYMENT BY INDUSTRY GROUP (NOVEMBER 1986)

INDUSTRY GROUP (1970 SIC)	EMPLOYMENT										INDUSTRY TOTAL
	LESS THAN 10		10 - 49		50 - 99		100 - 199		200 OR MORE		
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	1,087	79.6%	198	14.6%	25	1.8%	21	1.5%	33	2.4%	1,355
WHOLESALE TRADE	1,393	71.1	476	24.3	58	3.0	14	0.7	17	0.9	1,958
RETAIL TRADE	4,173	82.9	762	15.1	69	1.4	10	0.2	22	0.4	5,036
FINANCE, INSURANCE AND REAL ESTATE	1,221	84.2	179	12.3	26	1.8	12	0.8	12	0.8	1,450
COMMUNITY, BUSINESS AND PERSONAL SERVICES	5,086	75.2	1,283	19.0	175	2.6	108	1.6	115	1.7	6,767
SERVICE SECTOR TOTAL	12,951	78.2%	2,898	17.5%	353	2.1%	165	1.0%	199	1.2%	16,566

DATA SOURCE: MANITOBA BUREAU OF STATISTICS

SERVICE SECTOR SURVEY

CURRENT EMPLOYMENT

Table 1 displays the distribution of Manitoba's service sector businesses by their number of employees, for each of the five major industrial groups. The vast majority, 12,951 (78.2%) of the estimated 16,566 service sector businesses in Manitoba, have less than ten employees. Similar percentages of businesses with less than ten employees occur in all five of the major industrial groups.

With such a large percentage of businesses claiming to have less than ten employees, the average (median) number of employees of a business in the service sector is only 6.4 persons. This number fluctuates little among the five industrial groups, with the Wholesale Trade Group registering 7.0 employees on average, followed by the Community/Business/Personal Services Group with 6.7 employees, the Transportation/Communication/Other Utilities Group with 6.3 employees, the Retail Trade Group with 6.0 employees, and the Finance/Insurance/Real Estate Group with an average of 5.9 employees per business.

The percentage of businesses with less than ten employees is highest in the Finance/Insurance/Real Estate Group at 84.2% (1221 of the estimated 1,450 businesses). This is followed by the Retail Trade Group with 82.9% (4173 of the estimated 5,036 businesses), the Transportation/Communication/Other Utilities Group with 79.6% (1,078 of the estimated 1,355 businesses), the Community/Business Personal Services Group with 75.2% (5,086 of the estimated 6,767 businesses), and the Wholesale Trade Group with 71.1% (1,393 of the estimated 1,958 businesses).

The Wholesale Trade, Community/Business/Personal Services and Transportation/Communication/Other Utilities Groups have higher percentages of businesses in some of the larger employment categories. In the 10-49 employment category which contains 2,898 businesses and the 50-99 employment category which contains 353 businesses, the Wholesale Trade Group has the highest percentages with 24.3% and 3.0% (476 and 58 of the estimated 1958 businesses) respectively, followed by the Community/Business Personal Services Group with 19.0% and 2.6% (1,283 and 175 of the estimated 6,767 businesses) respectively.

Similarly in the 100-199 employment category, the Community Business/Personal Services Group has the highest percentage with 1.6% (108 businesses of 6,767), followed closely by the Transportation/Communication/Other Utilities Group with 1.5% (21 of 1,355). In the 200 Or More employment category, the Transportation/Communication/Other Utilities Group has the highest percentage at 2.4% (33 of 1355 businesses), followed by the Community/Business/Personal Services Group with 1.5% (115 of 6,767).

TABLE 2: SERVICE SECTOR EMPLOYMENT GROWTH BY INDUSTRY GROUP (ACTUAL AND PROJECTED)

INDUSTRY GROUP (1970 SIC)	EMPLOYMENT			PERCENTAGE CHANGE	
	1984	1986	1988	1984 TO 1986	1986 TO 1988
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	41,400	44,900	45,900	8.5%	2.0%
WHOLESALE TRADE	23,300	25,600	27,200	9.7	6.2
RETAIL TRADE	45,400	47,900	50,200	5.3	4.8
FINANCE, INSURANCE AND REAL ESTATE	19,400	22,200	23,600	14.2	6.1
COMMUNITY, BUSINESS AND PERSONAL SERVICES	126,900	133,300	140,300	5.1	5.3
SERVICE SECTOR TOTAL	256,600	273,900	287,100	6.8%	4.8%

NOTE: Percentages based on unrounded figures.

DATA SOURCE: MANITOBA BUREAU OF STATISTICS

SERVICE SECTOR SURVEY

EMPLOYMENT GROWTH

As shown in Table 2, there was an increase in the number of people employed, by each of the service sector's major industrial groups, from November, 1984 to November, 1986. Furthermore, the businesses in each of the major industrial groups projected greater numbers of employees in 1988 than they had in 1986.

Taking the service sector as a whole, there was an increase of 6.8% (from 256,600 to 273,900) in the total employment from November, 1984 to November, 1986. The Finance/Insurance/Real Estate Group recorded the highest percentage increase over this period, with 14.2% growth (from 19,400 to 22,200 employees). In descending order, the Wholesale Trade Group recorded the next highest percentage increase with 9.7% (from 23,300 to 25,600 employees), followed by the Transportation/Communication/Other Utilities Group with an increase of 8.5% (from 41,400 to 44,900 employees), the Retail Trade Group with an increase of 5.3% (from 45,400 to 47,900 employees), and the Community/Business/Personal Services Group with an increase of 5.1% (from 126,900 to 133,300 employees) over the two year period.

Again, taking the service sector as a whole, the projected employment growth from November, 1986 to November, 1988 is not as great as the growth in the previous two years, but still comes to 4.8% (from 273,900 to 287,100 employees). The Wholesale Trade Group has the highest projected percentage increase, with 6.2% (from 25,600 to 27,200 employees), followed closely by the Finance/Insurance/Real Estate Group, with a projected increase of 6.1% (from 22,200 to 23,600 employees).

The Community/Business/Personal Services Group and the Retail Trade Group have the next highest projected increases from 1986 to 1988, with 5.3% (from 133,300 to 140,300 employees) and 4.8% (from 47,900 to 50,200 employees) respectively, with both of these figures changing little from the 1984 to 1986 data. In contrast, the projected increase in employment for the Transportation/ Communication/Other Utilities Group dropped sharply from the earlier period, to only 2.0% (from 44,900 to 45,900 employees).

TABLE 3: SERVICE SECTOR ANNUAL REVENUE BY INDUSTRY GROUP

INDUSTRY GROUP (1970 SIC)	REVENUE LESS THAN $100,000		$100,000 -499,000		$500,000 -2,999,000		$3,000,000 -9,999,000		$10,000,000 OR MORE		INDUSTRY TOTAL
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	638	47.1%	508	37.5%	113	8.3%	34	2.5%	62	4.6%	1,355
WHOLESALE TRADE	379	19.4	571	29.2	723	36.9	193	9.9	92	4.7	1,958
RETAIL TRADE	918	18.2	2,107	41.8	1,656	32.9	160	3.2	195	3.9	5,036
FINANCE, INSURANCE AND REAL ESTATE	638	44.0	557	38.4	166	11.4	43	3.0	46	3.2	1,450
COMMUNITY, BUSINESS AND PERSONAL SERVICES	2,959	43.7	2,510	37.1	949	14.0	245	3.6	104	1.5	6,767
SERVICE SECTOR TOTAL	5,532	33.4%	6,253	37.7%	3,607	21.8%	675	4.1%	499	3.0%	16,566

DATA SOURCE: MANITOBA BUREAU OF STATISTICS

SERVICE SECTOR SURVEY

ANNUAL REVENUE

Table 3 summarizes the distribution of annual revenue for Manitoba's service sector by its major industrial groups. It can be seen that 11,785 (71.1%) of the estimated 16,566 businesses in the service sector have an annual revenue of less than $500,000, and the average (median) annual revenue of the service sector as a whole is $203,000. However, the distribution and average revenue vary considerably among the five industrial groups of the service sector.

The Wholesale and Retail Trade Groups differ from the other three industrial groups in that the majority of businesses in these two groups report an annual revenue between $100,000 and $2,999,000, whereas the majority of businesses in the remaining three groups report an annual revenue of less than $500,000.

Businesses in the Wholesale Trade Group have the highest average (median) annual revenue with $547,000. The Wholesale Trade Group has 723 businesses in the $500,000 to $2,999,000 revenue category and 571 businesses in the $100,000 to $499,000 revenue category (36.9% and 29.2% of 1,958 businesses respectively). Businesses in the Retail Trade Group claim the second highest average (median) annual revenue with $310,000. The Retail Trade Group has 2,107 businesses in the $100,000 to $499,000 revenue category and 1,656 businesses in the $500,000 to $2,999,000 revenue category (41.8% and 32.9% of 5,036 businesses respectively).

More than 80% of the businesses in the remaining three groups have annual revenues of less than $500.000. The Finance/Insurance/ Real Estate Group has 638 businesses in the Less Than $100,000 revenue category and 557 businesses in the $100,000 to $499,000 revenue category (44.0% and 38.4% of 1,450 businesses respectively). The Transportation/Communication/Other Utilities Group also has 638 businesses in the Less Than $100,000 revenue category and 508 businesses in the $100,000 to $499,000 revenue category (47.1% and 37.5% of 1,355 businesses respectively). The Community/Business/ Personal Services Group has 2,959 businesses in the Less Than $100,000 revenue category and 2,510 businesses in the $100,000 to $499,000 revenue category (43.7% and 37.1% of 6,767 businesses respectively).

Businesses in the Finance/Insurance/Real Estate, Transportation/ Communication/Other Utilities, and Community/Business/Personal Services Groups have average (median) annual revenues of $133,000, $121,000 and $119,000 respectively.

TABLE 4: SERVICE SECTOR CAPITAL EXPENDITURES BY INDUSTRY GROUP

INDUSTRY GROUP (1970 SIC)	CAPITAL EXPENDITURES												INDUSTRY TOTAL
	LESS THAN $10,000		$10,000 -99,000		$100,000 -499,000		$500,000 -999,000		$1,000,000 OR MORE		NIL OR NOT REPORTED		
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	52	3.8%	557	41.1%	86	6.3%	5	0.4%	40	3.0%	615	45.4%	1,355
WHOLESALE TRADE	439	22.4	501	25.6	121	6.2	5	0.3	20	1.0	872	44.5	1,958
RETAIL TRADE	1,377	27.3	663	13.2	199	4.0	73	1.4	15	0.3	2,709	53.8	5,036
FINANCE, INSURANCE AND REAL ESTATE	315	21.7	188	13.0	65	4.5	1	0.1	23	1.6	858	59.2	1,450
COMMUNITY, BUSINESS AND PERSONAL SERVICES	1,762	26.0	1,451	21.4	372	5.5	50	0.7	59	0.9	3,073	45.4	6,767
SERVICE SECTOR TOTAL	3,945	23.8%	3,360	20.3%	843	5.1%	134	0.8%	157	0.9%	8,127	49.1%	16,566

DATA SOURCE: MANITOBA BUREAU OF STATISTICS

SERVICE SECTOR SURVEY

CAPITAL EXPENDITURES

Table 4 shows that 8,127 (49.1%) of the businesses in Manitoba's service sector reported no capital expenditures for their last fiscal year. This percentage is relatively consistent across all five major groups. The Finance/Insurance/Real Estate Group has the highest percentage of businesses reporting no capital expenditures with 59.2% (858 of the estimated 1,450 businesses), and the Wholesale Trade Group has the lowest percentage of businesses reporting no capital expenditures at 44.5% (872 of the estimated 1,958 businesses).

Of the 8,439 service sector businesses that claim to have made capital expenditures, the average (median) value of those expenditures is $17,300. However, capital expenditures vary a great deal among the different industrial groups.

Taking the service sector as a whole, 3,945 (23.8%) of the estimated 16,566 businesses claim to have made capital expenditures of Less Than $10,000. This percentage is closely approximated by the Retail Trade, Community/Business/Personal Services, Wholesale Trade, and Finance/Insurance/Real Estate Groups, of which 27.3%, 26.0%, 22.4%, and 21.7% respectively claim capital expenditures of Less Than $10,000. However, the Transportation/Communication/Other Utilities Group differs greatly from these, with only 52 (3.8%) of the businesses in this group claiming capital expenditures in the lowest range.

In the $10,000 to $99,000 expenditure category, the Transportation Communication/Other Utilities Group has the highest percentage of businesses at 41.1% (557 of 1,355 businesses). This is followed in descending order by the Wholesale Trade Group with 25.6% (501 of the estimated 1,958 businesses), the Community/Business/ Personal Services Group with 21.4% (1,451 of 6,767 businesses), the Retail Trade Group with 13.2% (663 of 5,036 businesses), and the Finance/Insurance/Real Estate Group with 13.0% (188 of 1,450 businesses).

The average (median) value of capital expenditures for a business in the Transportation/Communication/Other Utilities Group is the highest at $60,800, followed by the Wholesale Trade Group at $28,500, the Community/Business/Personal Services Group at $15,200, the Finance/Insurance/Real Estate Group at $9,400, and the Retail Trade Group at $8,400.

TABLE 5: SERVICE SECTOR SKILL SHORTAGES AND FRANCHISE OPERATIONS BY INDUSTRY GROUP

INDUSTRY GROUP (1970 SIC)	SKILL SHORTAGES				FRANCHISE OPERATIONS						INDUSTRY TOTAL
	YES		NO		FRANCHISOR		FRANCHISEE		NOT A FRANCHISE		
TRANSPORTATION, COMMUNICATION AND OTHER UTILITIES	484	35.7%	871	64.3%	-	-	240	17.7%	1,115	82.3%	1,355
WHOLESALE TRADE	489	25.0	1,469	75.0	5	0.3%	111	5.7	1,842	94.1	1,958
RETAIL TRADE	677	13.4	4,359	86.6	19	0.4	278	5.5	4,739	94.1	5,036
FINANCE, INSURANCE AND REAL ESTATE	109	7.5	1,341	92.5	31	2.1	15	1.0	1,404	96.8	1,450
COMMUNITY, BUSINESS AND PERSONAL SERVICES	1,608	23.8	5,159	76.2	12	0.2	254	3.8	6,501	96.1	6,767
SERVICE SECTOR TOTAL	3,367	20.3%	13,199	79.7%	67	0.4%	898	5.4%	15,601	94.2%	16,566

DATA SOURCE: MANITOBA BUREAU OF STATISTICS

SERVICE SECTOR SURVEY

SKILL SHORTAGES

Table 5 shows that 3,367 (20.3%) of the estimated 16,566 businesses in Manitoba's service sector have encountered difficulty in hiring employees with specific skills at some time in the last two years. Again, the percentages of businesses claiming such skill shortages vary greatly among the five major industrial groups.

The Transportation/Communication/Other Utilities Group has the highest percentage of businesses reporting specific skill shortages with 35.7% (484 of the estimated 1,355 businesses). This is followed by the Wholesale Trade Group with 25.0% (489 of the estimated 1,958 businesses), the Community/Business/Personal Services Group with 23.8% (1608 of the estimated 6,767 businesses), and the Retail Trade Group with 13.4% (677 of the estimated 5,036 businesses). The Finance/Insurance/Real Estate Group has the lowest percentage of businesses reporting such skill shortages with 7.5% (109 of the estimated 1,450 businesses).

FRANCHISE OPERATIONS

Table 5 also shows that Manitoba's service sector includes 67 franchisors and 898 franchisees (0.4% and 5.4% of the service sector respectively). The percentages of franchise operations vary markedly among the five major industrial groups, with what appears to be an inverse relationship between franchisors and franchisees.

While none of the estimated 1,355 businesses in the Transportation Communication/Other Utilities Group claim to be a franchisor, the greatest percentage of businesses claiming to be a franchisee are in this group with 17.7% (240 businesses). The Finance/Insurance Real Estate Group has the highest percentage of businesses claiming to be franchisors at 2.1% (31 businesses), and the lowest percentage of businesses claiming to be franchisees at 1.0% (15 of the estimated 1,450 businesses). The remaining three industrial groups all have percentages of franchise operations approaching those of the service sector as a whole.

Franchise operations do not make up a large part of Manitoba's service sector, as 15,601 (94.2%) of the estimated 16,566 businesses in this segment of the economy are neither franchisors nor franchisees. The only group that differs greatly from this figure is the Transportation/Communication/Other Utilities Group with 1,115 (82.3%) non-franchise operations.

APPENDIX 1 **SERVICE SECTOR**

MAJOR INDUSTRIAL GROUPS

TRANSPORTATION/COMMUNICATION/OTHER UTILITIES includes:

Air, Railway, Truck, Bus, and Water Transport, Services Incidental to Transport, Taxicab Operations, Grain Elevators, Other Storage, Radio and Television Broadcasting, Telephone, Telegraph, and Cable Systems, Postal Services, Electric Power, Gas, and Water Distribution.

WHOLESALE TRADE includes:

Wholesalers of Farm Products, Petroleum Products, Paper Products, General Merchandise, Food and Drugs, Apparel and Dry Goods, Household Furniture, Motor Vehicles, Machinery and Equipment, Hardware, Metal Products, Building Materials, Scrap and Waste Materials.

RETAIL TRADE includes:

Food Stores, General Merchandise Stores, Gasoline Service Stations, Motor Vehicle Dealers and Repair Shops, Shoe Stores, Clothing and Dry Goods Stores, Hardware Stores, Furniture and Appliance Stores and Repair Shops, Drug Stores, Book and Stationery Stores, Jewellery Stores and Repair Shops.

FINANCE/INSURANCE/REAL ESTATE includes:

Banks and Other Deposit Accepting Establishments, Other Credit Agencies, Security Brokers and Dealers, Investment and Holding Companies, Insurance Carriers, Insurance and Real Estate Agencies, Real Estate Operators.

COMMUNITY/BUSINESS/PERSONAL SERVICES includes:

Education and Related Services, Health and Welfare Services, Amusement and Recreational Services, Services to Business Management, Personal Services, Accomodation and Food Services, Miscellaneous Services.